

## **BILL ANALYSIS**

C.S.H.B. 1413  
By: Chisum  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The shortage of health care professionals in Texas particularly hurts rural areas of the state for a variety of reasons, and laws prohibiting the corporate practice of medicine can make it difficult for a doctor to decide whether to continue practicing medicine at a rural hospital. C.S.H.B. 1413, among certain other goals regarding the operation of the district, seeks to remedy this situation by allowing the board of directors of the Castro County Hospital District to employ physicians or other health care providers as the board considers necessary for the efficient operation of the district and by prohibiting such an authorization from being construed as authorizing the board to supervise or control the practice of medicine.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1413 amends the Special District Local Laws Code to replace a provision requiring notice of an election of members of the board of directors of the Castro County Hospital District to be published one time in a newspaper of general circulation in Castro County not earlier than the 30th day or later than the 10th day before the date of the election with a provision requiring notice of such an election to be published in such a newspaper in accordance with Election Code provisions relating to methods of giving notice of an election. The bill authorizes the board to employ physicians or other health care providers as the board considers necessary for the efficient operation of the district and prohibits provisions relating to district recruitment of medical staff and employees from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by the Medical Practice Act. The bill authorizes the board to retain all or part of the professional income generated by the employed physician for medical services provided at the hospital and other health facilities owned or operated by the hospital if the hospital satisfies the requirements of provisions relating to district administration. The bill requires the board to appoint a chief medical officer, who may be a member of the hospital's medical staff, and adopt, maintain, and enforce policies to ensure that a physician employed by the hospital exercises the physician's independent medical judgment in providing care to patients at the hospital. The bill requires the adopted policies to include policies related to credentialing, quality assurance, utilization review, peer review, and medical decision-making, and to include the implementation of a complaint mechanism to process and resolve complaints regarding interference or attempted interference with a physician's independent medical judgment. The bill requires each physician employed by the hospital, for all matters relating to the practice of medicine, to ultimately report to the chief medical officer. The bill requires adopted policies to be approved by the chief medical officer and to control and prevail in the event of a conflict with any other policies of a hospital under provisions relating to district administration. The bill requires the chief medical officer to immediately report to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring

for a patient.

C.S.H.B. 1413 authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds, to provide for the security and payment of district bonds from a pledge of a combination of authorized property taxes and authorized revenue and other sources. The bill authorizes the district to use the proceeds of issued bonds to pay the following:

- any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years, and for one year after the project or facility is acquired or constructed;
- costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- costs related to the bond issuance;
- costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

#### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1413 contains a provision not included in the original authorizing the board of directors of the Castro County Hospital District to retain all or part of the professional income generated by an employed physician for medical services provided at the hospital and other health facilities owned or operated by the hospital if the hospital satisfies certain requirements. The substitute contains a provision not included in the original requiring the board to appoint a chief medical officer and adopt, maintain, and enforce policies to ensure that a physician employed by the hospital exercises the physician's independent medical judgment in providing care to patients at the hospital. The substitute contains a provision not included in the original requiring adopted policies to include certain policies and the implementation of a complaint mechanism. The substitute contains a provision not included in the original requiring each physician employed by the hospital to ultimately report to the chief medical officer for all matters relating to the practice of medicine and requiring adopted policies to be approved by the chief medical officer and to control and prevail in the event of a conflict with any other policies of a hospital. The substitute contains a provision not included in the original requiring the chief medical officer to immediately report to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.